

VZCZCXR00498  
RR RUEHBC RUEHDA RUEHDH RUEHKUK  
DE RUEHGB #0213/01 0280441  
ZNR UUUUU ZZH  
R 280441Z JAN 10  
FM AMEMBASSY BAGHDAD  
TO RUEHC/SECSTATE WASHDC 6325  
INFO RUCNRAQ/IRAQ COLLECTIVE

UNCLAS SECTION 01 OF 02 BAGHDAD 000213

SBU  
SIPDIS

E.O. 12958: N/A

TAGS: ECON EIND PGOV EINV IR IZ

SUBJECT: PRT BABIL: EXPO '09: BABIL BUSINESSES STRUT THEIR STUFF

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¶1. (U) This is a Babil PRT reporting cable.

Summary

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¶2. (U) From December 8 to 11, the Babil Tourism Business Group hosted &Expo8; a combination trade fair, tourism conference and investment promotion meeting at the Babylon Conference Center. The event, the first of its kind in many years, attracted some 500 visitors including the Governor and most members of the Provincial Council and the Investment Commission. The 46 exhibitors, from a freelance photographer to the Lebanese Tourism Board to a wholesale grocer, were uniformly optimistic about the prospects for Babil's economy, the tourism sector, and their own businesses. Investor interest was muted ) 15 Iranian companies came for discussions on the first day, but did not attend the conference and some did not even tour the exhibition (septel). The PRT contributed \$25,000 to the conference.

Trade Fair

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¶3. (SBU) For the trade fair, the 46 exhibitors (one from Lebanon, some 10 from Baghdad, the rest from Babil), many with no connection to tourism, took advantage of the opportunity presented by Hillah,s first &Expo8 to display a wide variety of wares. The Babylon Conference Center, a secure facility on the Hillah River a few hundred yards from ancient Babylon, housed the event. The slightly amateurish organization did nothing to dampen the exuberance of most participants. Several reported concluding sale or representation agreements.

Conference

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¶4. (U) The conference consisted of presentations and speeches by the Governor, PRT Team Leader and tourism advisor, and investment commission. The upbeat theme was that the region is ready to cash in on a growing tourism. There is increasing awareness that Babil should be able to capitalize on the large numbers of pilgrims (probably at least 10 million), many of whom pass through Hillah on their way, often by foot or on their knees, to the Shi'a shrines of Karbala and Najaf. This multitude is now largely served by Iranian travel agencies, and Iranian managed hotels and other tourist facilities in Iraq.

Investment Meetings

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¶5. (SBU) The investment promotion portion apparently attracted only 15 private Iranian potential investors, invited by the organizer on instructions from PC members without the knowledge of the PRT. These were given VIP treatment by conference organizers on the guarantee of the PC. When the PC failed to settle the tab, the Iranian group left without paying their bill for ID 12 million (approximately USD 10,400). More details about the Iranian companies and their presence at the conference will be reported septel.

The Exhibitors

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¶6. (U) The PRT's grantee, the Babylon Center for Business Community Development filled the large tent completely applying discriminatory pricing. The Center based their fee on ability and willingness to pay, proximity to Hillah, and other obscure criteria. As a result, a booth went for between nothing and \$20,000 (Zain).

¶7. (U) The booths in the main tent were extremely varied. Although there were numerous interesting highlights, a few warrant special mention. For example, the Ministry of Agriculture advertised land it has available for agribusiness investors. There was also a British-educated maker of plastic spacers for reinforced concrete who reported that he reopened a few months ago after closing down in 2004. He credited the government's relaxation of its restrictions on hiring foreigners. He explained that Iraqis constantly &disappear,<sup>8</sup> so he hired four Bangladeshis in management Q&disappear,<sup>8</sup> so he hired four Bangladeshis in management positions. He is growing his business and plans to replace his 30-year old British injection machines &after the elections.<sup>8</sup>

¶8. (U) Three parastatals exhibited: the Hillah Textile Company, the State Company for Automobile Manufacture, and the Handmade Carpet Company). They were among those that the Center did not charge for their booths. A Baghdad-based food importer (Kellogg's Corn Flakes, German honey) found a local distributor and sold him his entire display inventory. The display was enough to comfortably fill a medium-sized store. Nunu Dairy's exhibitor, based in North Babil, said people were amazed that his professionally packaged yoghurt, cheese, and cream were actually made in Iraq. He also found new distributors.

Conclusion & Comment:

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¶9. (SBU) While some of the enthusiasm must be attributed to Hillah's long period of isolation, it was also a genuine

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reflection of a brimming optimism for the economy in general and tourism in particular. Tourism especially is a sector that embodies Iraqi aspirations to rejoin the world. The investor portion may have been a failure. The comments from many Iraqis were negative.

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